



Meeting Summary

Bond Oversight Commission

July 13, 2015
Ward 6 Council Office
3202 E. 1st St.
Tucson, AZ 85716

The Bond Oversight Commission (BOC) meeting summaries provide a brief descriptive overview of the discussions, decisions and actions taken at the meetings. The summary comprises the official minutes of the Bond Oversight Commission until they are voted upon at the next meeting. Meeting summaries are available at the City Clerk's web page at:

<http://cms3.tucsonaz.gov/clerks/boards?board=114>

MEETING RESULTS

1. Call to Order and Roll Call

Ramon Gaanderse called the meeting to order at 5:34 and quorum was established.

Bond Oversight Commission Members

Present		Absent
Steve Pageau	Bruce Burke	Lorraine Morales
Dale Calvert	Mel Cohen	Ricky Hernandez
Jesse Lugo	Daniel Castro	
Ramon Gaanderse	Ian Johnson	
Steve Taylor		

2. Introduction of 2012 Bond Oversight Commission

The BOC and project team introduced themselves.

3. Review and Approval of Meeting Summary from March 10, 2015

The BOC reviewed and approved the Meeting Summary from March 10, 2015.

Call to the Audience:

Item number 8 on the agenda, Call to the Audience, was moved before item 4 to accommodate a group of community members.

- Manuel Garcia: My name is Manuel Garcia and I was born in Tucson on a cattle ranch in Avra Valley. I am fourth generation—my great-grandfather, my grandfather, my dad, and myself. I've lived in Tucson all my life. I have lived in the San Clemente neighborhood for a little over 20 years. My neighbor has been there since '69. We are requesting to have our streets repaired. Since we have no

APPROVED SEPTEMBER 17, 2015

sidewalks, no streetlights (we don't want them), the pavement tends to break off on the sides. We'd like to have those repaired and blacktopped. Fix the cracks. I went through this process in 1999. It's been 16 years and we would like to have them redone. We don't want sidewalks, we don't want streetlights, we like it the way it is. It's a very old neighborhood, San Clemente. That's between Broadway and Timrod and Alvernon and Columbus, that's the San Clemente area. If you've got any questions, go ahead. [Mr. Garcia was advised that the BOC could not engage in a back and forth conversation with him.]

- Hector Manciet: My name is Hector Manciet, I'm Manny's neighbor. Our neighborhood has potholes. The streets are going from the outside in because as you drive over to get to your property, you take a little chunk, you take another little chunk, and it gets narrower in front of some houses and expands out again, and it's like a disease so we're trying to stop it from happening. I don't know if it's a slurry coat or what we're talking about or what. Manny has already told you what we don't want, what we want is to save the streets we do have and save the appearance and the use of our subdivision. I think that's all I have to say.
- Steve Kozachik: These guys have spoken about San Clemente. I think what they're really talking about is the edge treatments, and possibly just seal coating some of the cracks—that's San Clemente. I've also been asked to speak about Sam Hughes. You have already done two of the four quadrants: the northeast quadrant is on the major 3rd Street bike route, which is a major corridor from the U of A heading east, and that is in a failed condition right now, and so on behalf of the Sam Hughes area I ask that you consider moving that northeast quadrant up in the queue because of the amount and the type of traffic it gets.
- Laura Dent: Hi everyone, my name is Laura Dent. I'm here on behalf of Councilmember Regina Romero. She couldn't be here today, but she wanted to me to come to address the committee. Thank you all for your work, I know it's a lot of time and dedication and energy that you put into this work and it's been great for the city. I just wanted to touch base because we know that the Pima County Bond is coming up—there's a lot of road bond projects that are set to be part of that package and if we want to approve it I think we as a community have to be prepared for that and know what our priorities are, so we just encourage the committee if you haven't already started thinking about that priority list, to do so. I also just wanted to mention the four neighborhoods in Ward 1 that we get a lot of calls about when you're thinking about residential capacity and improvements. One is the Santa Cruz Lane area, bordered by Santa Cruz Lane, Starr Pass, Frontage Road and Silverlake. One is the Enchanted Hills neighborhood, near La Cholla on the west side. La Cholla's going to get a lot of traffic once the Ajo interchange gets going on I-19—it's a detour that's already used by a lot of folks that live out west in the county, so we can start to think about what that neighborhood is going to feel when ADOT starts that work later on this year. Barrio Kroeger Lane, which is just west of the freeway and south of Congress—it's an area that's been neglected for a really long time. There's a lot of dirt roads in the area, horse tradition, and the roads are in really poor shape. Rose Neighborhood, which is west of 12th Avenue, south of Ajo and north of Michigan. You all committed to doing south of Michigan, which is great, but the roads north of there are in poor shape, too. I have a memo from Councilmember Romero.

4. Discuss results of the Road Recovery Expansion Public Hearing held on April 21st at the Mayor and Council meeting

- Daryl Cole: First, I would like to thank this commission for all its efforts. The city council has been very appreciative and complimentary for what you've done so far. The council is also pleased that the program is expanding. I think all the effort and education you provided really helped us set priorities and rules of engagement that kept us on task. This is more of a thank you than anything else. The council was receptive and voted unanimously for this. They are so pleased with the effort and want to see more work. We discussed whether we'd like this commission to look at residential streets if the bond passes. The council suggested we come back to this commission, since there a process in place to oversee the residential or local roads, assuming that [the bond] passes here in November in Pima County. This process was similar to the process we went through with the City's Proposition 409. The new bond program is called Proposition 425. The recommendation was that this commission select those streets as well, as they did for Proposition 409.
- Steve Pageau: I was at the meeting that night and did not see anyone in the audience who had any questions or concerns, so I thought it was a well presented package that you put forward and we all had the opportunity to review. Do you anticipate that the BOC will be reviewing the expansion of the package of primary roads and arterial streets as well as residential and local streets?
 - Daryl Cole: This evening, in fact.
- Steve Pageau: So we'll be looking at not only the residential streets, but also the arterials?
 - Daryl Cole: The arterial roads will be presented to you following the same criteria that we have implemented previously. No residential and local roads have been selected at this point in time—we thought it'd be wiser to wait until the Proposition actually passes in November. At our meetings next year, which will be 2016, we'll go through the actual process of selecting the residential and local roads.
- Jesse Lugo: I did plan to attend the meeting to speak to the mayor and council to oppose your proposal for an additional \$37 million in funds for arterial roads and \$3 million for local roads, as I was the only dissenting vote during the motion. I opposed it because, of the \$100 million, \$85 million went for major arterials, \$15 million for neighborhood associations. With the \$40 million surplus funds that we received, 85% of that comes out to \$34 million, which leaves \$6 million for neighborhood funds. I was very clear that we needed more funds for neighborhood streets. The extra funds could accommodate the repairs mentioned by the two gentlemen who spoke earlier tonight. I believe that it is not a done issue and I do plan to go back to the Mayor and Council and readdress that issue. The issue comes out to the percentages, because \$37 million is not 85% based on a total of \$40 million. So again, we have the opportunity to put another \$3 million into neighborhood streets to address some of the issues that many neighborhood associations are experiencing. In our early discussions, we had some figures that said it would take \$700 million

to meet the demand of repairing neighborhood streets. That's a high number, so that's why I indicated that I would rather see the \$6 million (the extra \$3 million) being invested into the neighborhoods. We need to address those issues. I hope that it's still not too late because I do plan to be at the next mayor and council meeting to address that issue and hopefully to readdress the \$37 million plus \$3 million for the neighborhood streets.

- Daryl Cole: The \$40 million was divided into \$37 million and \$3 million as you state, but the actual percentage of the total \$100 million is an \$82 million/\$18 million split. \$18 million is for the residential roads and the \$82 million for arterial roads. I know your recommendation was to go to \$79/\$21 million (including the extra \$6 million out of that \$40 million), but the actual vote you ended up approving in council was for 82% to go to arterial roadways and 18% to go to local roads. You're right, though, there is an awful lot of need out there.
- Jesse Lugo: Again, based on \$85 million out of \$100 million, that's 85%, not 82%.
 - Daryl Cole: The \$15 million to make the \$100 million was already approved by this commission and was in place. So you had a \$45 million/\$15 million split that you'd already approved. The \$40 million additional funds for extra capacity came out of the arterial roadway segment, not the residential segment, so your \$15 million stayed whole and \$3 million was taken out of the \$40 million allocation for arterial roadways, which puts an additional \$3 million into the local and residential roadways and left \$37 million for the arterials, which would equal an 82%/18% split.
- Jesse Lugo: But the voters voted on an 85%/15% split. For a \$140 million package, that comes out to \$119 million for arterials and \$21 million for arterials. \$6 million of the additional funds should have been allocated for the neighborhood streets.
 - Daryl Cole: We had originally estimated that the roadwork on arterial roads would cost \$85 million, but it only cost \$45 million. That left us with \$40 million of additional capacity. We broke the \$40 million into two pieces--\$37 million for the arterials and \$3 million for residential, so now there is \$18 million for residential streets and \$82 million for arterials. The original \$15 million allocated for residential streets remains in place.
- Mel Cohen: Why do you think you saved so much on the arterial roads but not the residential roads?
 - Daryl Cole: We originally walked the streets and measured them with a tape measure which provided a more accurate measure with GIS. We also estimated \$70 per square yard for reconstruction, but only spent about \$30 per square yard. We also overestimated the prices of gas and asphalt.
- Mel Cohen: So you thought the scope for the arterial roads was going to be much larger, and you weren't as refined in your numbers?
 - Daryl Cole: That's correct. The estimates were high and the prices of gas and asphalt were less. We also had some very competitive bids. We

APPROVED SEPTEMBER 17, 2015

have been hitting close to our estimates on the residential and local roads. After two years, we estimated we would have spent \$2.9 million, and the actual figure is \$3.1 million. There has not been the extra capacity we initially thought we would have on the residential roads.

- Daniel Castro: Mr. Cole, just for clarification, am I correct that the \$40 million additional capacity applies if everything is constructed at this time? Next year, if prices and market conditions fluctuate, it might not be \$40 million. The costs might go up.
- Daryl Cole: That is correct. We are only two years into the program that we have contracted for, so we still have three years more of contractual work to do that could go either up or down, depending on all the factors involved. If the costs do go up, we may have to come back to this commission and reduce the number of streets we have added to the program. Conversely, if we stay the course and do as well as we have been, we might have a few million dollars more of additional capacity and have to come back to this commission again. Right now we believe we're right on target and we'll stay the course. After 3.5 years of the program, we will reevaluate and decide if the commission will have to add more streets or take some away. Either one of those scenarios will require an action by the City Council as well.
- Daniel Castro: I think the expectation from the public is that we have \$40 million extra, but we don't yet. We need to educate the public. I've had questions from constituents in the ward I represent. We need to get the word out to explain it better.
 - Daryl Cole: There will not be fluctuations of that magnitude, but there may be some. Gas and asphalt are on the same price index, and those costs could go up proportionately. I don't think it will go the other way—we will not get better prices than we are now.
- Jesse Lugo: Diesel prices are going down and have not been this cheap for decades. Of the 82%/18% split, what is the total amount allotted for neighborhood streets if the projects were bid out based on \$140 million?
 - Daryl Cole: We don't have \$140 million; it's still \$100 million. The work originally estimated to cost \$85 million in the original package will only cost us \$45 million. We are currently \$29 million into the project. We have another \$10 million that has been programmed and contracted for that is underway, and \$3 or 4 million that we have not yet been billed for that is actually in place.
- Dale Calvert: I have had various constituents approach me and complain that we moved \$3 million from arterial roadways and moved it to residential streets. They say that the arterial streets should be the number one priority, and that they as voters approved \$85 million for arterials and \$15 million for residential. They're unhappy that we even moved the \$3 million. I'm uncomfortable moving more money to residential streets. However, I understand that there is a serious need for more residential street money. I'm very adamant that we have to stick to what was decided by the voters.
- Jesse Lugo: As I indicated at previous meetings, I think each Ward should have equal funding, but that's not what the bond commission approved. I believe this because there was specific language in the bond proposal that said each

Ward would receive equal funding. I will be speaking to the Mayor and Council again to request clear direction that any leftover funds will be divided equally among the Wards.

5. Bond Road Restoration Projects: Daryl Cole, Director and staff of Tucson Department of Transportation

a. *Provide an overview of FY 2014-2015 Project completion and cost summaries and Bond year-end financial reports.*

Priscilla Lane, TDOT, provided the BOC with a financial report and program update. She discussed the status of various projects. She reported that the actual contractor costs for work done in FY 2014 have been \$19 million, with another \$1 million in incidental costs. \$20.1 million has been paid to date. The engineer's estimate for the work was \$20.4 million and the work was bid at \$18.6 million.

b. *Review FY 2015-2016 Street Bond Project Budget and review project status reports and new FY project schedules*

For the FY 2015 contracts, \$24.4 million in costs were estimated. Bids were \$20.6 million. FYTD costs have been \$7.8 million, with incidental costs of \$800,000. Total costs to date (through June 30, 2015) have been \$8.6 million. There is still some work remaining on the FY 2015 package, but the estimated completion date is mid-to late November. The billings for this work should be received no later than January or February 2016.

Daryl Cole clarified that there is still \$3-4 million of completed work to be done. The fog sealing of the roads has been postponed until cooler weather and should be complete by the end of November; the rest of the work should be complete by the end of October or sooner.

BOC Discussion

- Steve Pageau: Can you tie the financials to the actual roadways, for example with a map that shows what work has been done and shows what has been projected and accomplished? This would give us a quicker understanding of where we're at overall with the program.
 - Daryl Cole: There is an interactive map available online on the Proposition 409 website that shows up-to-date information. The work shown on the map is updated within hours of completion.
- Dale Calvert: The map is great for current information, but it doesn't show how the dollars relate to the work we're discussing.
 - Daryl Cole: We will follow up on Mr. Pageau's request and send a map out to the commission tying it back to this document.
- Steve Pageau: I would like to say that the quality of the work has been excellent. I would like to congratulate the staff on the work that has been done.
- Daniel Castro: I had a conversation with someone in the asphalt profession, who told me that he doesn't think that mill and overlay is the way to go if we're not going to go into the sub-base. He said it would not be much more

APPROVED SEPTEMBER 17, 2015

expensive, and I have invited him to come and talk to us. I hope he makes it to the next meeting, because I am interested in finding out more. He said that if the top three inches of road surface was removed but no work was done underneath, the road will be susceptible to cracking.

- Daryl Cole: The pavement is only as good as the foundation. The foundation is what carries the loads of traffic. Water penetration is also an enemy of asphalt. We are looking at the foundations, especially on the arterial roads. The milling machine is very heavy and the road will show shifting and subsidence, so we are looking for foundation problems and repairing them if necessary. However, we don't want to disturb the surface unless we need to, because that can cause soil collapse. The costs increase about 30-40% once the sub-grades are involved. Another issue is that utility work may be required. We take a look at each one of the streets and take core samples to determine the thickness of the asphalt and check the condition of the streets. We dig out and replace areas that have failed. We have found that the base asphalt used on the roads is the best quality that could have been used. It's a good base and we have found that it is in good condition. The amount of time required to do sub-grade work is much greater than overlay work and traffic control is harder. All of those things are balanced in the decision to resurface these roads. One exception is that some neighborhoods, such as Sam Hughes, were paved on native ground and there is no sub-grade. We have tried to avoid disturbing the residential and local roads because they weren't built to current standards. We can do limited work on these roads and put a surface layer on top. We would prefer to get underneath but we are concerned about water and other service lines, which have been broken in the past. The gas company did almost \$1 million of work ahead of us on several roadways (Pantano, Grant, Broadway, 22nd), as there is a 5-year moratorium once our work is done. They've given us a good cross-section of road conditions and we have gone to investigate when they open up their trenches. After they did work on Grant, we found two layers of Petromat. It had not been discovered because cores had been taken from the curb lane, but the Petromat was in the middle lanes. Since then, we have done more cores. We did 50 cores on Grant Road just to get a good understanding of the condition. We have increased the amount of investigative work we do and the quality has increased as a result.
- Steve Pageau: How many situations are you finding where there is no base course of asphalt underneath the road surface?
 - Daryl Cole: This has occurred on 100% of the residential roads.
- Bruce Burke: It is my understanding that for each fiscal year we are committed to \$20 million. Are we on track on those numbers so that we are spending a similar amount per year over a 5-year period?
 - Daryl Cole: We are working on 17-18 streets and on the map we are well ahead, but we are behind on expenditures by about a quarter

APPROVED SEPTEMBER 17, 2015

of a year, but we may be able to catch up. We keep finding streets that need to be delayed because of utility issues.

6. Discuss Pima County Bond Proposition – Prop 425

Daryl Cole showed a map of the proposed package for Prop 425. The bond includes \$160 million for resurfacing for the whole county. Tucson's portion of this is \$65 million, which is based on assessed values of properties. On the map labeled Scenario A, 26% of the \$65 million is allocated for accessibility improvements (ADA ramps, etc.). Scenario B allocates 10% for accessibility improvements. Scenario C includes no allotment for accessibility improvements. The percentages were determined by studying historical data from Prop 409 and other programs. The ADA work would include repairing existing sidewalks but not adding new ones. If new sidewalks were added, approximately 38% of the total funds would have to be allocated to ADA improvements. All three scenarios allow for 70% of the funds to be spent on arterial roadways and 30% on residential streets.

The City and County are still in discussions as to who will have oversight of the work to be done within City limits. So far, it looks like the City will oversee the work but will have to make financial reports to the County. Pima County will not determine which streets are worked on. The municipalities in Pima County each have different needs and challenges, but have discussed and agreed upon good pavement management principles for consistency.

BOC Discussion

- Steve Pageau: How concrete does the language need to be to say that these are the streets that are going to be done?
 - Daryl Cole: We will publish a list like we did with the City bond.
- Steve Pageau: I am concerned that the list of alternative streets for the City bond will already be covered by the County bond. The opposite would be if bids and oil prices went up, and we did not get to finish the alternates, and those would now fall into a gap. Those streets would be a higher priority than our second alternates.
 - Daryl Cole: Correct.
- Bruce Burke: What you are saying is that you don't want any overlap on the two bonds.
- Dale Calvert: This is the problem when you have to publish a list of the projects. This is a logistical problem. We felt we needed a list for the public of the work to be done, but that locks us in and you run the risk of gaps. There is not a lot that can be done about it. When the RTA projects were estimated, an inflation factor and an "unexpected" factor of 25-30% were added to the estimated cost of the project. We may want to think of something along that line to give a little bit of cushion.
- Steve Pageau: It is an unknown whether we will have a gap or an overlap.
 - Daryl Cole: If there is an overlap, then we can add alternate streets. The true risk is if we have a gap between the two bond packages.

- Jesse Lugo: If the bond passes and \$65 million is allocated for City roads, you're going to propose that this committee oversee the expenditure and approval of some of those projects?
 - Daryl Cole: Correct.
- Jesse Lugo: This commission was established for a 5-year period. Will the commission run out of time or will we be given an extension?
- Dale Calvert: I am on lots of boards and commissions, and they are usually extended administratively if necessary.
- Dale Calvert: When the \$100 million bond issue was proposed, it was to fill a gap that was created because there was no HURF money. The HURF money was committed to previous road bonds. At some point, those bonds are going to be repaid, and there are ongoing shortfalls in HURF. When are those bonds going to be repaid?
 - Daryl Cole: They will be repaid in 2021. We pay \$17 million per year, and the last payment will be \$12 million. We have the proceeds for the third fiscal year in hand already.
- Mel Cohen: I have heard complaints that no work is planned for Broadway near Harrison.
 - Daryl Cole: That is an RTA project under design.
- Mel Cohen: There are also projects on here that are RTA projects, but will be repaved because they're too far out—22nd Street from Camino Seco to Houghton is going to get overlay, but it's scheduled in the next 5-year period for the RTA.
 - Daryl Cole: We have been pushing the County to include ADA and connectivity in this report, but they have been resistant.

The BOC voted to approve the Prop 425 report.

7. Future Meeting and Agenda items

The next meeting will be held September 17, 2015

8. Adjournment

7:35 pm